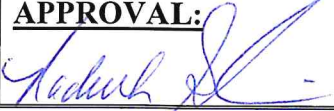




## Policy and Procedures

<b>DEPARTMENT NAME:</b> Utilization Management		
<b>SUBJECT:</b> Contract Expenditure Analysis		<b>POLICY NUMBER:</b> CON-004
<b>APPROVAL:</b> 	<b>EFFECTIVE DATE:</b> 8/18/2020	<b>REPLACES :</b> New Policy

- I. **PURPOSE:** Children’s Network of Southwest Florida (CNSWFL) is committed to establishing procedures to ensure that its contracting procedures are in compliance with all applicable state and federal laws, rules, and regulations governing contracts for services. The assigned Contract Manager, or their designee, will track contract expenditures and contract utilization for each subcontractor.
  
- II. **CONTACT:** Utilization Management Director
  
- III. **PERSONS AFFECTED:** Lead Agency staff and contracted providers.
  
- IV. **DEFINITIONS:**
  - A. Contract Manager – CNSWFL staff assigned to manage the contract.
  
  - B. Reasonable and Necessary Costs – A cost is considered reasonable if, in its nature or amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision is/was made to incur the costs.
  
  - C. Allowable Costs – A cost is allowable when it is in accordance to the benefit received, treated consistently with other costs proposed / incurred for the same purpose, incurred for the associated award and benefits the award, and/or necessary to the overall operation of the organization.
  
- V. **PROCEDURES:**
  - A. CNSWFL will review expenditures associated with contracted service(s) as part of the ongoing subcontract management process. Reviews will be designed to identify expenses as reasonable, necessary, and allowable, develop spending projections for under/over expenditures, develop/validate market conditions for current and future year(s) and monitor subcontract requirements.

## **Children's Network of Southwest Florida Contract Expenditure Analysis**

- B.** CNSWFL expenditure reviews will include:
1. Quarterly Expenditure Reports, typically used for tracking of subcontract and fund progress, and mid-year subcontract adjustments
  2. 9 Month (Quarter 3) Expenditure Report, typically used to plan future year subcontract amounts, and end of year planning
  3. End of year review. Typically used to determine final fiscal year expenditure
- C.** Expenditure analysis will, at a minimum, review agency/program expenses as reasonable and necessary, as allowable under the subcontract conditions, compare with budget/cost analysis and compare to total subcontract expenditures.
- D.** Expenditures will be made in accordance with applicable State and Federal Rules and Laws and be directly related to the subcontract. Expenditure reviews may cause CNSWFL to increase/decrease a subcontract amount and/or adjust unit rates in current or future contract year(s).
- E.** If it is determined that a provider has surplus funds at the end of a fiscal year the following process will be followed. Any exceptions will be clearly documented in the contract file.
1. For surplus funds up to 2% of the approved budget, the provider will be required to submit a reinvestment plan outlining how surplus funds will be utilized to support or enhance the contracted service to CNSWFL Contract Manager to review for acceptance. The Provider must receive acceptance of the proposed plan before any funds are expended.
  2. For any amount of surplus funds that exceeds 2% of the approved budget, the provider will be required to return funds to CNSWFL in the form of a check, deduction from final invoice or other agreed upon means of returning surplus funds.
- F.** In addition, CNSWFL Contract Manager will continually review Quarterly Expenditure Reports from all contracted agencies. Surpluses will be addressed with contracted Providers throughout the fiscal year.